

121 EAST STATE STREET, WESTPORT, CONN.

227-8825

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Dear Bob:

I am enclosing a summary of our several discussions, and a brief description of estimates of activities and costs that might be involved in preparing a five-day course in Planning for the agency.

OBJECTIVES AND METHODS:

The basic objective of this five-day session in Programming, Planning and Budgeting is to increase participants' effectiveness in dealing with their planning responsibilities on the job. This would be accomplished through:

A. Self-assessment and Improvement:

The whole thrust of the first several days of activity is to make improvements in participants' knowledge of planning techniques, methods and approaches, without imposing any particular system upon them. They will examine theories of planning and various documents issued by the Bureau of the Budget, the Office of the President, the American Management Association, special documents internal to the Department of Defense and other agencies which have written up programming and budgeting methods. They will also study an original write-up on planning styles, based on experience with the American Management Association, the New York Stock Exchange, and industrial concerns. Brief summary articles or sections of the write-up deal with the economics, mathematics, and statistics of planning - however, these are handled in very brief overview in each area. Knowledge and understanding of planning strategies are enhanced through team tasks. Against this background of knowledge, as well as their own on-the-job experience, participants begin to work through tasks which

offer them an opportunity to apply what they have learned and check out how effective their assumptions are in dealing with actual situations. This would also be coupled with a pre-course questionnaire and profile; and results of these activities provide the basis for self-assessment and feedback sessions later in the course.

B. Application Skills:

The major focus of the program is on preparing people to function more effectively within existing planning and budgeting systems and to orient them toward new methods of planning and programming. They would, toward the end of the session, begin to gain experience in applying planning methods and strategies to realistic situations. Thus, the application sessions would have two goals:

1. To provide a basis for feedback and self-analysis.
2. To provide opportunity for practice and experience in dealing with realistic situations.

C. The Systems Approach:

Although it was not discussed in detail in our meeting in Washington, we would be weaving into the total program a variety of experiences and articles designed to assist managers to become more aware of the systems approach to management. Thus, their problem-solving activities would deal with the relationship of a system to a variety of sub-systems and prepare them to work more effectively within the organization's real framework.

CONTENT:

The basic content material involved would include:

1. A review of pertinent literature. We would then prepare a generalized write-up of planning, programming, and budgeting theory and methodology written in lay terms. We would want to talk this through with appropriate agency people, to be sure it fits the needs of the agency.

2. An original document would be prepared, after joint discussion with your people, which would cover whatever policy and procedure exists within the Agency which would be the basis for discussion during the course.

3. A "Planning Model", as a guide for discussion and learning. This would be similar in method to the Managerial Grid, or our present Communication Model, but would, of course, deal with the area of planning and programming. As you know, we have tested out this model with the New York Stock Exchange and several manufacturing companies, and believe it will have universal use in the Planning area, just as the Grid has in the Managerial and Human Relations areas.

4. We would then prepare a comprehensive questionnaire to assist people in assessing their own planning behavior and examining their own attitudes and approaches. A second and similar questionnaire would be prepared to assist organization members in analyzing the planning practices and procedures used in their own components, as well as across the board within the agency.

5. Finally, we would prepare a total training design, of five-day duration, which would be built around the material outlined above. In addition, a series of training problems, that have to do with planning, would be tailor-made for this group. I presume, based on our discussion, that we would work with your planners and members of the training office, to develop an exercise or series of exercises to assist people in assessing their own planning and programming approaches and in beginning to apply and improve methods.

The above, then, outlines the materials that would be developed for the course. The final product would entail roughly 150 pages of text, plus work projects and case studies.

#### TRAINING DESIGN:

- I. Pre-work: To save time at the meeting, and to bring people together at comparable levels of sophistication, pre-work will be required. As much as twenty to thirty hours of outside reading, preparing for problem situations, filling out questionnaires, etc., will be needed. Participants will have read the equivalent of a textbook on planning and programming before they start the meeting.
- II. The meeting will be designed in five one-day sessions; but it is assumed that people will work in the evening. That is, the work schedule would be from 8:30 A.M., to about 10:00 P.M.--probably using open-ended evening sessions. It is our view that by applying the above design, we can accomplish the equivalent of almost two weeks of traditional training.

- III. We would use problem-solving and work teams, similar to those used in the Grid design, with small-group competition to produce more interest in learning about the "nuts and bolts" of planning, programming, and budgeting.
- IV. In our more recent experience in teaching planning techniques, we have used modifications of the team discussion group - using pairs in problem-solving situations - and then working back into a team group - to maximize individual participation and learning opportunities. This approach would be desirable for your group and special projects will be designed to enhance this kind of learning.
- V. After what in Grid language is referred to as "concept clarification", we would move into a new area, which has not been part of previous training designs, we have used with you. This would be the use of actual problem-solving materials and case studies to assist people in beginning to work with what has been learned. These cases would be drawn as much as possible from Agency experience and would in most instances have application back on the job. We hope, too, that these people involved with planning responsibilities, at the top of the organization, would participate periodically in assessing the effectiveness of the cases to be employed and reviewing them after completion, to see what can be learned, both for future sessions, and for modifying and clarifying internal systems.
- VI. The total design would lead to "personal feedback", that is, techniques to make it possible for group members to get a much better idea of their own existing attitudes and levels of skill in dealing with planning and programming problems; and providing them with profiles as a basis for self-examination and study. Unlike the Grid, however, the feedback session would come closer to mid-week, so what has been learned can be applied in several problem situations toward the end of the week.
- VII. Also, a great deal of energy would be put into developing "back home" applications - that is, planning guides and questionnaires would be used by participants and they would be asked to assess their own personal and component planning effectiveness, related to actual problems within their own areas. Whenever possible, we would want people to have their plans and programs critiqued by other group members; and this, of course, would have to be guided by your own judgment as to how far we might go in this area without getting into security problems.

COST:

As we discussed at our last meeting, the costs for a total program of this type vary depending upon the amount of work done internally. For example, if Agency personnel brought together a comprehensive bibliography and integrated it into a written document covering basic theories and approaches to programming and planning, this would substantially reduce the cost. (This is the task outlined in Step I, under Program Content.) Similarly, if Agency personnel developed action training exercises and feedback techniques for measuring performance within the exercises, this too would reduce costs.

We presume, in any case, that our staff would develop the planning and programming profiles, and the specific training model against which measurements would be made.

Costs will depend upon and vary with the amount of work performed within the Agency. We have found that unless the areas of responsibility for program materials and design are clearly spelled out at the outset, there are difficulties along the way. We would suggest one of two alternatives:

1. The first possibility is that we will provide a basic training outline, which will include a training model, general suggestions for areas of study, and advice and counsel on establishing methods, content, etc.. The actual development of materials, above and beyond the model and training profile itself, would be handled by people from within your group or in other parts of the Agency. The cost under these circumstances would be \$5000.00 for development of the model and consultation on the design of the total program; and would cover the cost of materials for the first fifty participants. Future uses of the total design within the Agency would be at a cost of \$25.00 per participant. This would include a write-up giving the background of the model - that is, a theoretical write-up of about forty or fifty pages, various questionnaires and task paragraphs, and activities necessary to carry out the training. Again, the content of training exercises, in-baskets, etc., would be developed by Agency personnel under the terms of this plan.

2. The alternative is for our staff to develop the total program, in consultation with your people. That is, we would write up all materials, research necessary sources, prepare bibliographies, prepare all action training designs (cases, in-baskets, and other methods), and be responsible for the total program. Under this arrangement, we would pretest the total design with a small group of people from the Office of Training or other selected group from parts of the agency. The total

design can then be reviewed and changed to assure its effectiveness. (Again, the pretesting approach can be used in Plan I, but the pre-test there would have to be handled by your own people.)

After pre-testing, we would conduct the initial seminar for 50 Agency people, or less if you wish, and would provide a total set of materials for future participants, at the rate of \$40.00 per participant. (This would include an original write-up of about 150 pages, plus a collection of materials for pre-reading, preparation of all training designs, task materials, task paragraphs, profiles, charts, etc.). The total cost for the initial effort to prepare this program and to conduct a pilot run and initial seminar for 50 people, will be \$30,000.00.

#### STAFF AND RESOURCES:

Bob, I thought it might be helpful for you to have a little more background on some of our people, since some of those who will be interested in this program may not be familiar with our group. I have attached biographical sketches for Emmett Wallace and Bill Bechard. I think most people there know me fairly well. As you know, all three of us have been cleared.

In terms of our staff activities, some of the programs which we have developed in the last several years might be of interest as references: For example, at the request of Cornell University, we developed a three-day seminar in Management by Objectives, which covers much of the same material in theory as included in PPB. This program has been presented several times in the United States successfully, and once the program took place in Puerto Rico, to good advantage.

Secondly, in co-operation with Emmett Wallace, we have prepared a two-and-a-half-day seminar for company officers and partners of financial institutions who were concerned with long-range economic planning. It was here that our training model was introduced and well-received. We have also been retained as consultants by a variety of industrial organizations and financial institutions in the area of organization planning and development, and have conducted a variety of seminars over the years for the American Management Association, Cornell University, individual companies, on planning, programming, and financial control methods. If you need further information, let me know.

-7-

Incidentally, we may want to draw in extra staff people from time to time; and this would be included in Plan II, under the budget suggested.

Regards,



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## BIOGRAPHY

WILLIAM BECHARD has been working in the Management consulting field for three years - previously with Leadership Development Associates, Inc., and now with Educational Designs. From 1962 to 1964, he was an associate of James O. Rice Associates, Inc., engaged in conference planning and administration and in executive development program activity.

Prior to joining the professional staff of James O. Rice Associates, Inc., Mr. Bechard was Director of Marketing Relations and Manager of the Appliance and Industrial Sales Division of Red Devil Tools, Union, New Jersey, and National Sales Manager for Boice Gages, Inc., Hyde Park, New York.

Mr. Bechard received a Bachelor of Science degree in business administration from the University of Connecticut. He has lectured in graduate management courses on network, diagramming approaches to management systems development and CPM at the New York University Management Institute and is a visiting lecturer at the New York State School of Industrial and Labor Relations, Cornell University.

## BIOGRAPHY

EMMETT WALLACE is a management consultant specializing in organization development and management education. He is an Associate of Leadership Development Associates, Inc., a New York firm.

Prior to becoming a full-time consultant in 1960, Dr. Wallace taught business administration at Syracuse University, the University of Alberta, Columbia University and Hofstra College. He has been a guest professor at the Advanced Management Programs held in Banff, Alberta, Canada, and Helsinki, Finland.

Prior to his teaching activities, Dr. Wallace worked for four years with the Marshall Plan in Norway, analyzing and assisting businesses in that country. Later he was Executive Vice President of the Camillus Cutlery Company, Camillus, New York, in charge of all marketing activities.

Dr. Wallace is an engineering graduate of Cornell University, received his M.B.A. from the Harvard Graduate School of Business, and his Ph.D. from Columbia University.

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### INTERIM STATUS REPORT

Fourteen persons have been interviewed to obtain an understanding of how PPB operates in the organization. These have represented all "divisions". Some of the individuals are responsible for the PPB function in their area or in the company overall; others have line responsibilities. The interviews ranged from thirty or forty minutes to as much as four and a half or five hours, with an average of about one and a half hours.

The PPB philosophy and techniques, as they apply to administration, were developed by DOD. To focus on differences, initially, it seems to us that the scope and nature of operations differ to such an extent between DOD and your organization that the application of PPB must necessarily differ. Thus:

-- DOD spending has a major impact on the economy. Your organization does not. Your expenditures have no significant bearing upon GNP, personal income, critical resources, etc..

-- The products produced by DOD are more tangible. Furthermore, the data which enter into decision-making are generally more quantifiable.

-- Your organization is probably more opportunistic in its expenditures.

That there are differences is partly reflected by the somewhat-negative reactions of your personnel who have taken the three-week DOD PPB course. They have objected to excessive study of macro-economics and operations research techniques. In our opinion, these are not particularly relevant to your operations.

Although the DOD approach does not wholly apply, many elements of it and some techniques do. The training program which we have been engaged to design has as its objective the improved implementation of PPB in your organization. Our initial study raises a number of questions about how PPB is to be applied within it - questions which we think need discussion before the program can be designed. We pose these questions without consideration of priority or relative importance.

1. PPB can be used to obtain better control, more systematic management, better decision-making, or all of these three. What does your organization expect of PPB? It seems to us that the value of PPB for decision-making declines as the organization's output becomes intangible and unmeasurable, and as the social and

-2-

political implications of the output increase. This is not to say that PPB will still not have an important contribution to make.

2. To what extent does the organization really feel that it can make five-year plans which are operationally meaningful? Conversely, to what extent is the PPB exercise a ritual to satisfy BOB? It seems to us in this connection, if we can speak presumptuously and prematurely, that the PPB system is frequently used to justify what people want.

3. The PPB approach moves an organization toward increased centralization. Thus, the PPB process calls for each level of the organization to set the framework for plans for the next lower level, and for increased co-ordination across "divisions". It is our impression that centralization is strongly resisted in the organization. To what extent does the organization wish to move toward increased centralization of planning?

4. Closely related to all of the above is that PPB as a decision-making approach relies on an open system in which information is widely shared. Your organization operates with numerous closed, or nearly closed, systems. If the interest is in improved decision-making, in contrast to more systematic management, consideration will have to be given to information flow and the locus of decisions.

5. Some of the technical approaches to decision-making have great merit for the organization. For example, we believe that systems analysis, decision theory (i.e.: dealing with uncertainty), and statistical decision theory (i.e.: what information do we want, how much are we willing to pay for it?) seem particularly appropriate. Cost-effectiveness analysis seems to have less application, though some. Operations research techniques and model building seem to be of lesser value.

Whatever the techniques, their use requires skilled personnel. To what extent should line personnel learn about and become skilled in their use? To what extent should PPB personnel develop skills? To what extent will it be desirable to attach to the organization a central staff skilled in these techniques?

6. How are PPB products to be used during the year? Who is to use them?

-3-

7. To what extent are PPB products to represent commitments within the organization? This question will be clearer, perhaps, if we contrast organization and DOD practice. In DOD, if a project costing \$200,000.00, for example, is incorporated in the Department's approved PPB submission, this constitutes approval for the office chief to contract. Contrarily, your office chiefs are deputy directors and must seek higher-level approval of each specific project, even though the project had previously been planned for as part of a mission effort.

8. To what extent should deputy directors and their assistants be involved in PPB and in the training? Their involvement in the PPB effort currently seems to vary widely between "divisions".

9. To what extent is it feasible and necessary for the organization to formulate more-specific long-term objectives as a framework for "division" and office planning?

10. We presume that the organization wishes to employ terms and definitions that are widely understood in referring to PPB. It is our impression that terms used in the program call are not widely understood. How might common understanding be best developed?

11. How adequate are "division" implementing plans and office project plans that are made after BOB approves the organization's PPB submission? To what extent are steps necessary to assure appropriate plans?